

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE REALIGNMENT OF NAVY
AND AIR FORCE FOOD SERVICES TRAINING AT
LACKLAND AIR FORCE BASE, TEXAS

Report No. 96-206

August 2, 1996

19991123 076

DTIC QUALITY INSPECTED 4

Department of Defense

DISTRIBUTION STATEMENT A

Approved for Public Release
Distribution Unlimited

AQI 00-02-0517

Additional Copies

To obtain additional copies of this audit report, contact the Secondary Reports Distribution Unit of the Analysis, Planning, and Technical Support Directorate at (703) 604-8937 (DSN 664-8937) or FAX (703) 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Planning and Coordination Branch of the Analysis, Planning, and Technical Support Directorate at (703) 604-8939 (DSN 664-8939) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

OAIG-AUD (ATTN: APTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, Virginia 22202-2884

Defense Hotline

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to Hotline@DODIG. OSD. MIL; or by writing to the Defense Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of each writer and caller is fully protected.

Acronyms

AFB	Air Force Base
BRAC	Base Realignment and Closure
ITRO	Inter-Services Training Organization
MILCON	Military Construction



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



August 2, 1996

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)**

**SUBJECT: Defense Base Realignment and Closure Budget Data for the Realignment
of Navy and Air Force Food Services Training at Lackland Air Force
Base, Texas (Report No. 96-206)**

We are providing this audit report for information and use. This report is one in a series of reports about FY 1997 Defense base realignment and closure military construction costs. Management comments from the Under Secretary of Defense (Comptroller), the Air Force, and the Navy were considered in preparing the final report.

Management comments on a draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Michael Perkins, Audit Project Manager, at (703) 604-9273 (DSN 664-9273). See Appendix F for the report distribution. The audit team members are listed inside back cover.

David K. Steensma
David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 96-206
(Project No. 6CG-5001.01)

August 2, 1996

Defense Base Realignment and Closure Budget Data for the Realignment of Navy and Air Force Food Services Training at Lackland Air Force Base, Texas

Executive Summary

Introduction. This report is one in a series of reports about FY 1997 Defense base realignment and closure military construction costs. This report discusses two FY 1996 Defense base realignment and closure Military construction projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 audit coverage. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense base realignment and closure does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Office of the Inspector General, DoD, is required to review each Defense base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees. Our audits include all projects valued at more than \$1 million.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of two projects to consolidate the Navy Mess Specialist 'A' School of the Naval Training Center, San Diego, California, and the Air Force food services training from the previously closed Lowry Air Force Base, Colorado. The Navy and Air Force will consolidate food services training to shared facilities at Lackland Air Force Base, Texas.

Audit Results. The Navy and Air Force could not support requirements or costs on the DD Forms 1391, "FY 1996 Military Construction Project Data," for the Defense base realignment and closure military construction projects to consolidate Navy and Air Force food services training facilities. As a result, cost estimates for the projects, valued at \$5.5 million (\$2.25 million for the Air Force project and \$3.25 million for the Navy project), may be overstated.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) place funds on administrative withhold for the two projects to consolidate food services training. We also recommend that the Chief of Naval Education and Training, Pensacola, Florida, and the Commander, 37th Training Wing, Lackland Air Force Base, revise budget estimates and submit revised DD Forms 1391, "Military Project Construction Data," that reflect valid requirements. In addition, we recommend that the Air Force prepare an economic analysis that will assist in choosing the best method of employing resources, or obtain a waiver if the economic analysis is not required.

Management Comments. The Under Secretary of Defense (Comptroller) generally agreed to place funds on administrative withhold, pending audit resolution. The Navy agreed to submit a revised DD Form 1391. The Navy did not concur and the Air Force did concur with the recommendation to place funds on administrative withhold. The Air Force agreed to perform an economic analysis and prepare a revised DD Form 1391. See Part I for complete discussion of management comments and Part III for the complete text of management comments.

Audit Response. We commend the Navy for promptly revising the DD Form 1391. The Navy actions meet the intent of our recommendation. However, the project requirements must be consolidated with the Air Force requirements; therefore, we recommend that funds remain on administrative withhold until all other recommendations are fully implemented. The Air Force stated that the economic analysis and the revised DD Form 1391 will be completed by August 9, 1996. We request that the Air Force provide us a copy of the economic analysis and DD Form 1391 when completed.

Table of Contents

Executive Summary	i
Part I - Audit Results	
Audit Background	2
Audit Objectives	2
Requirements and Costs for Food Services Training Facilities	4
Part II - Additional Information	
Appendix A. Scope and Methodology	12
Appendix B. Prior Audits and Other Reviews	13
Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs	18
Appendix D. Projects Identified as Invalid or Partially Valid	20
Appendix E. Organizations Visited or Contacted	21
Appendix F. Report Distribution	22
Part III - Management Comments	
Office of the Under Secretary of Defense (Comptroller) Comments	26
Department of the Navy Comments	27
Department of the Air Force Comments	30

Part I - Audit Results

Audit Background

The Office of the Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1997 BRAC military construction (MILCON) costs required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. This report discusses projects that were added to the FY 1996 budget too late to be included in previous audit coverage. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C. See Appendix D for a summary of invalid requirements for the projects we reviewed.

On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. The Commission made BRAC recommendations during 1988, 1991, 1993, and 1995. Three of the Commission recommendations affected the food services training.

Recommendations of the 1991 Commission. The 1991 Commission recommended the closure of Lowry Air Force Base (AFB), Colorado, which was host to the Lowry Technical Training Center. The Lowry Technical Training Center provided training in about 14 career fields, including food services. Closure of the base required the Technical Training Center to relocate to Lackland AFB, Texas. The Air Force budgeted \$6.8 million of Defense Base Closure Account funds to provide facilities for the center.

Recommendations of the 1993 Commission. The 1993 Commission recommended closing the Naval Training Center San Diego, California, and relocating its schools to various locations. The Mess Specialist 'A' School (food services training) was scheduled to relocate to the Naval Air Station, Pensacola, Florida.

Recommendations of the 1995 Commission. As a result of an independent study preformed by the Inter-Services Training Organization, the 1995 Commission rescinded the recommendation of the 1993 Commission and redirected the Navy Mess Specialist 'A' School to be combined with the Air Force food services training at Lackland AFB.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective.

The table below identifies the two projects reviewed for the realignment and consolidation of Navy and Air Force food services training at Lackland AFB, Texas.

BRAC MILCON Projects Reviewed			
<u>Military Department</u>	<u>Project Number</u>	<u>Description</u>	DD Form 1391 Amount (millions)
Navy	P-973U	Mess Specialist 'A' School	\$3.25
Air Force	MPYJ953260	Alter Technical Training Academic Facilities	<u>\$2.25</u>
Total			\$5.50

See Appendix A for a discussion of the scope and methodology and Appendix B for a discussion of prior audit coverage. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

Requirements and Costs for Food Services Training Facilities

The Navy and the Air Force could not support requirements or costs on the DD Forms 1391, "FY 1996 Military Construction Project Data," for the BRAC MILCON projects to consolidate Navy and Air Force food services training facilities. That condition occurred because the Air Force did not properly develop and document project requirements and cost estimates or perform an economic analysis as required. As a result, cost estimates of \$5.50 million (\$3.25 million for the Navy project and \$2.25 million for the Air Force project) may be overstated.

Inter-Services Training Organization Study

In October 1993, the Inter-Services Training Organization (ITRO) conducted a study of mess specialist training for the Military Departments and recommended that Navy and Air Force training be consolidated in shared facilities. The study identified one-time cost benefits of \$2.5 million and annual recurring benefits of \$528,424. This recommendation also identified a reduction of three personnel billets.

Consolidated Food Services Training Facility

The consolidated food services training facilities originated as separate projects for the Navy and the Air Force. The Air Force project resulted from the 1991 Commission recommendation to close Lowry AFB and to move the Air Force food services training to Lackland AFB. The Navy project resulted from the 1993 Commission recommendation to close Naval Training Center San Diego and to move the Mess Specialist 'A' School to Naval Air Station Pensacola. Based on the study by ITRO, the 1995 Commission redirected the Navy project to consolidate with the similar Air Force training at Lackland AFB.

Project Management

The Air Force, as the host base for the proposed consolidation, was responsible for validating the consolidated Navy and Air Force construction requirements. That responsibility included translating training requirements to space requirements, developing cost estimates, preparing the project DD Forms 1391, and documenting the methodology used to validate the project. Also, the Air Force, through its construction agent, the U.S. Army Corps of Engineers, is responsible for awarding contracts for project design and construction.

Developing and Documenting BRAC MILCON Requirements

The Air Force and the Navy could not support requirements or costs on the DD Forms 1391 for the BRAC MILCON projects to consolidate food services training facilities. The 37th Training Wing, Lackland AFB, and the Chief of Naval Education and Training, Pensacola, Florida, did not provide us sufficient documentation to support requirements for Air Force and Navy budget requests for alteration of current training facilities to accomplish the consolidation.

Air Force Compliance with Directives. The 37th Training Wing was not in compliance with Air Force and Navy directives for developing space requirements and costs and based its requirements on obsolete site survey data.

Site Survey Data. The 37th Training Wing, Lackland AFB, did not comply with "Instructions for Preparing BRAC 95 Program Estimates and FY 95 Summer Review" (the instructions), March 9, 1995, issued by the Special Assistant to the Chief of Staff for Base Realignment and Transition. Attachment 1, "Methodology," of the instructions require documentation for BRAC projects "to show sufficient information for someone else who is totally unfamiliar with the area to be able to reconstruct each step of the cost derivation." The instructions require the use of site survey data from the closing base as the starting point in developing the project space requirements and the applicable cost estimates.

Prior to our site visit, we discussed with the 37th Training Wing what we would need to validate project MPYJ953260. During our site visit, the 37th Training Wing submitted its response to us. However, those data did not support the requirements and costs for the training center projects.

Classroom Space Criteria. The 37th Training Wing did not develop adequate support for classroom space requirements. The data showed that the 37th Training Wing determined classroom size by allocating 50 square feet per student. The 50-square-feet-per-student requirement is excessive. The 50-square-feet-per-student requirement is 20 square feet more than the Naval Facilities Engineering Command Publication P-80, "Facility Planning Criteria for Navy and Marine Corps Shore Installations," allows; 15 square feet more than the ITRO standard allows; and 15 square feet more than Air Force Handbook 32-1084, "Standard Facility Requirements Handbook," March 5, 1995, allows. (The current Air Force standards were not in place when the initial DD Form 1391 was developed.) Consequently, without verifiable data, we could not determine whether the DD Form 1391 and the budgeted amount were accurate and valid.

Space at Closing Site. A site survey, dated May 1991, documented existing space at the closing site, Lowry AFB. However, the site survey did not provide sufficient data to reconstruct each step used to develop the requirement and arrive at the associated cost. Specifically, the site survey report showed an annual training requirement of 30,000 students, but did not show the number of students in each career field. The training requirement of 30,000 students was

the total number of students being trained in all 14 of the curriculums (such as seismic sensors, nuclear weapons, munitions, and avionics) taught at the Lowry AFB Services Training School, not just those in food services training.

Factors to Determine Space Requirements. The space requested on the DD Form 1391 for the training facilities and applicable cost estimates should be supported by data such as the annual student training requirements for food services training. The student training requirement is needed to develop scheduling plans; to calculate the average daily student load; and to determine the number of instructors, staff, and administrative personnel needed to support the training mission. Those data are needed to develop a reasonable estimate of space requirements and the applicable costs in sufficient detail to allow someone unfamiliar with the project to understand the methodology.

Validating Air Force Requirements. The 37th Training Wing did not comply with "Instructions for Preparing BRAC 95 Program Estimates and FY 95 Summer Review" (the instructions), March 9, 1995, issued by the Special Assistant to the Chief of Staff for Base Realignment and Transition. The instructions require the Air Force to revalidate the remaining requirements for the BRAC 88, BRAC 91, and BRAC 93 actions. The project to "Alter Technical Training Academic Facilities" originated from the 1991 Commission decisions, and several material changes have been made to the project since 1991.

Changes to the project should be considered in revalidating the project. For example, the square footage requirement for the FY 1993 DD Form 1391 originated from the 1991 Commission's decision and was validated for 15,672 square feet of laboratory and classroom space. However, the FY 1995 DD Form 1391 showed an unvalidated requirement for 24,700 square feet, a 9,028-square-foot increase. The 37th Training Wing officials could not support the increase in the requirement. They later stated the additional 9,028 square feet was for requirements, such as internal reorganizations, that were not valid BRAC requirements. The 37th Training Wing should revalidate and document the requirements for square footage and unit cost to ensure that facility space computations are accurate and that cost estimates are reasonable.

Validating Navy Requirements. The Navy could not support its FY 1996 DD Form 1391 requirement for 1,932 square meters (20,796 square feet). Officials of the Office of the Chief of Naval Education and Training stated that their requirements were calculated using data from a prior site survey and historical training data. Management could not provide a copy of the site survey or the historical training data for our review. Training data for 1995 and projections for future years showed that the Navy overstated the average-on-board (average-on-board represents the average number of students under instruction at any given period) and made assumptions using Navy course curriculum that did not reflect joint training requirements. Further, the Navy requirements were shown in net measure and did not include mechanical and circulation areas (doorways, walking space, and space needed for wiring). In summary, the Navy's requirement calculations were not accurate or supported.

Consolidated Training Curriculum

As of December 1995, the Chief of Naval Education and Training and the 37th Training Wing had not completed the joint training curriculum. The curriculum defines the number of days training is required and the equipment and other resources needed to provide the training. The curriculum should be completed before calculating space requirements. Developing projects based on a separate curriculum for each Military Department could result in duplicate requirements and underused facilities. For example, a review of data provided by the Air Force showed that 5 of the 17 requested classrooms had an average daily student load of 8 or fewer students. The space required for those five classrooms totaled 6,452 square feet. The curriculum for the consolidated training should be completed before computing space requirements for the project. Completing the curriculum will reduce the risk of duplicate requirements or underused space.

Proposed Revisions to Requirements

The Chief of Naval Education and Training and the 37th Training Wing have proposed revisions to their requirements since December 1995. Draft revisions show a substantial decrease in total space requirements. Our review of the revised data demonstrated that they are supportable and accurate. The Navy and the Air Force should resubmit DD Forms 1391 to the Under Secretary of Defense (Comptroller) for approval based on the revised data.

Air Force Revised Requirement. The 37th Training Wing's revised requirement was reduced from 24,700 square feet to 13,498 square feet, a decrease of 11,202 square feet. The 11,202-square-foot reduction is attributable to 9,028 square feet for courses relocated to Lackland AFB as a result of initiatives other than BRAC and to 2,174 square feet that was saved by further consolidation of the training curriculum and joint use of laboratory space. The 37th Training Wing provided adequate documentation to support the revised requirements.

Navy Revised Requirement. The Chief of Naval Education and Training's revised requirements increased by 56 square meters (600 square feet) to 1,988 square meters (21,400 square feet). The change in the requirement was caused by using correct average-on-board numbers and a curriculum that had been consolidated with the Air Force's curriculum. Also, the total square meters shown on the FY 1996 DD Form 1391 were converted from net square meters to gross square meters.

In December 1995, the Chief of Naval Education and Training recalculated the average-on-board estimate. The calculations showed that the initial average-on-board estimate of 300 students should have been 239 students, an overstatement of 61 students. That overstatement occurred because the Navy used training

data developed for the 1993 BRAC submission that had not been updated. As a result of the audit, the Navy reviewed the current training data and calculated a current average-on-board of 239 students.

Since December 1995, the Center of Naval Education and Training and the 37th Training Wing have revised the course curriculum and consolidated additional courses to allow the Navy and Air Force to share classrooms. A detailed review of the configuration of the existing facility and the revised curriculum showed that training could be accommodated with fewer classrooms than those submitted in the DD Forms 1391.

The requirement shown on the proposed revision to the FY 1994 DD Form 1391 of 21,400 square feet (1,988 square meters) is 600 square feet (56 square meters) more than shown on the FY 1996 DD Form 1391. The increase occurred because the FY 1996 DD Form 1391 was expressed in net meters, rather than gross meters. The DD Form 1391 should be expressed in gross space to give allowances for circulation and service areas, as required by the Naval Facilities Engineering Command Publication P-80.

Developing and Documenting Basis for Unit Cost Estimates

Unit Costs for Laboratory Space. The 37th Training Wing could not support the unit cost estimates in the Navy and Air Force FY 1996 DD Forms 1391 for laboratory facilities. The 37th Training Wing determined the unit cost estimates for both Navy- and Air Force-funded portions of the project. The 37th Training Wing's unit cost estimates for Navy and Air Force food services laboratory projects were \$125 per square foot for alterations and \$147 per square foot for additions. However, the 37th Training Wing could not show how it developed the unit cost estimates.

On March 9, 1995, Headquarters, United States Air Force Realignment and Transition Office, issued instructions for preparing BRAC 95 program estimates. The instructions require that worksheets be prepared and maintained to show exactly how amounts were calculated. Engineers from the 37th Training Wing stated that unit costs were based on historical costs and engineering judgment. However, the engineers could not provide adequate documentation showing the historical cost data or the reasoning for the engineering judgment. The 37th Training Wing should provide support in sufficient detail to allow someone unfamiliar with the project to reconstruct the methodology used to develop the unit cost estimates.

Unit Cost for Classroom and Administrative Space. The 37th Training Wing could not support the unit cost estimates for classroom and administrative space. The unit costs ranged from \$30 to \$50 per square foot. Engineers for the 37th Training Wing stated that standard costs and prior projects, as well as engineering judgment, were considered when developing unit costs for projects for alterations and additions. However, the engineers did not provide support for standard costs or examples of historical project costs used in developing

their unit cost estimates. The 37th Training Wing should provide support in sufficient detail to allow someone unfamiliar with the project to reconstruct the methodology used to develop the unit cost estimates.

Revised Cost Estimates. On February 5, 1996, the 37th Training Wing provided a draft DD Form 1391 with proposed revisions to cost estimates for both the Navy and the Air Force requirements. The unit cost estimates were reasonable and supported by adequate documentation to show each step used in the process to develop the estimates. The Air Force should submit the revised DD Form 1391 to the Under Secretary of Defense (Comptroller) for approval.

Developing and Documenting an Economic Analysis

The 37th Training Wing did not perform an economic analysis for projects MPYJ953260, "Alter Technical Training Facilities," and P-973U, "Mess Specialist 'A' School." Air Force Instruction 65-501, "Financial Management, Economic Analysis," June 1, 1994, requires that an economic analysis be performed for any MILCON proposal when the value of the construction exceeds \$2 million. An economic analysis is to include a statement of the proposed task, assumptions made, alternative approaches, a determination of the feasibility of the alternative approaches, and a cost/benefit analysis for each feasible alternative approach. According to Air Force Instruction 65-501, the Under Secretary of Defense (Comptroller) has authority to grant waivers from economic analysis requirements. Air Force Instruction 65-501 also states that an economic analysis may be waived if the costs clearly outweigh the expected benefits, if only one option meets operational requirements, or if other waiver criteria apply.

Management personnel at the 37th Training Wing stated that they believed the economic analysis for project MPYJ953260 was performed in 1991 when the initial DD Form 1391 was prepared. Personnel responsible for planning the projects stated that an analysis would be performed for the projects, if required by Air Force directives, and that it would be submitted for our review. However, the analysis had not been provided as of May 1996. As a result, no assurance exists that the \$5.5 million budgeted for the two BRAC MILCON projects is not overstated. Because the combined projects are valued at more than \$2 million, the 37th Training Wing should perform an economic analysis or, if justified, request a waiver from the requirement.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller), place funds on administrative withhold for Navy project P-973U, "Mess Specialist 'A' School," and Air Force project MPYJ953260, "Alter

Requirements and Costs for Food Services Training Facilities

Technical Training Academic Facilities," until the 37th Training Wing submits a revised DD Form 1391, "Military Construction Project Data," to accurately reflect requirements and costs.

Office of the Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) generally agreed with the recommendations and placed funding on administrative withhold, pending audit resolution. Also, the Under Secretary of Defense (Comptroller) stated that any monetary benefits resulting from the audit will be reprogrammed to other BRAC requirements as appropriate.

2. We recommend that the Chief of Naval Education and Training, Pensacola, Florida, submit a revised DD Form 1391, "Military Construction Project Data," for project P-973U, "Mess Specialist 'A' School." Those requirements should be based on revised data furnished to us subsequent to our audit site work.

Navy Comments. The Navy agreed to submit a revised DD Form 1391. The Navy disagreed with Recommendation 1., stating that a revised DD Form 1391 had been completed. Therefore, the Navy stated that funds should not be placed on administrative withhold.

Audit Response. The Navy actions meet the intent of our recommendation. We commend the Navy for promptly revising the DD Form 1391. However, the Navy project requirements must be consolidated with the Air Force requirements and must be supported by an economic analysis. The Air Force stated that the economic analysis and DD Form 1391 will be completed by August 9, 1996.

3. We recommend that the Commander, 37th Training Wing, Lackland Air Force Base, Texas:

a. Submit a revised DD Form 1391, "Military Construction Project Data," for project MPYJ953260, "Alter Technical Training Academic Facilities." Those requirements should be based on revised data furnished to us subsequent to our audit site work.

b. Prepare an economic analysis for projects P-973U and MPYJ953260 in accordance with Air Force Instruction 65-501 or provide an approved waiver of the requirement.

Air Force Comments. The Air Force agreed and stated that the Air Force will submit an economic analysis and a revised DD Form 1391 by August 9, 1996. The Air Force also agreed with Recommendation 1., to place the project on administrative withhold.

Audit Response. The Air Force comments are responsive to our recommendation. We request that the Air Force provide a copy of its economic analysis and revised DD Form 1391 when completed.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1996 BRAC MILCON budget request and supporting documentation for space requirements for two projects to consolidate the Navy's Mess Specialist 'A' School of the Naval Training Center, San Diego, California, and the Air Force's food services training from the previously closed Lowry Air Force Base, Colorado.

Audit Period, Standards, and Locations. This economy and efficiency audit was performed from October 1995 through February 1996 in accordance with auditing standards issued by Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures. Appendix E lists the organizations visited or contacted during the audit.

Methodology

We examined the process used by the Chief of Naval Education and Training and the 37th Training Wing to plan and approve BRAC MILCON projects for the consolidation of food services training. Specifically, we identified points of contact for Policy, Guidance, and Oversight; Funds Management; Requirements Development; Project Cost Development; and Contracting.

We also:

- reviewed historical data for 1994 and 1995 and projections for student occupancy, class scheduling, training days needed to complete studies, and the number of instructors and administrative and positions required and
- evaluated the validity of MILCON project data and related budget request as documented on the DD Forms 1391.

Appendix B. Prior Audits and Other Reviews

Since 1991, numerous audit reports have discussed DoD BRAC issues. This appendix lists the summary reports for the audits of BRAC budget data for FYs 1992 through 1996 and BRAC audit reports published since the summary reports.

Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-191	Defense Base Realignment and Closure Budget Data for the Relocation of the Carrier Air Wings From Naval Air Station Miramar, California, to Naval Air Station Lemoore, California	July 3, 1996
96-171	Defense Base Realignment and Closure Budget Data for the Realigning Office of the Judge Advocate General and Naval Facilities Engineering Command to the Washington Navy Yard	June 21, 1996
96-170	Defense Base Realignment and Closure Budget Data for the Realignment of Five Navy Activities From Leased Space in Arlington, Virginia, to the Navy Security Station, Washington D.C.	June 19, 1996
96-166	Defense Base Realignment and Closure Budget Data for Closure of Lowry Air Force Base Colorado, and Realignment to Sheppard Air Force Base, Texas	June 18, 1996
96-165	Defense Base Realignment and Closure Budget Data for the Construction of the Hazardous Material Storage Addition to Warehouse 28 at Defense Distribution Region West Tracy, California	June 17, 1996

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-158	Defense Base Realignment and Closure Budget Data for the Redirect of the 726th Air Control Squadron From Shaw Air Force Base, South Carolina, to Mountain Home Air Force Base, Idaho	June 11, 1996
96-154	Defense Base Realignment and Closure Budget Data for the Realignment of the National Airborne Operations Center to Wright-Patterson Air Force Base, Ohio	June 10, 1996
96-147	Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center Orlando, Florida, and Realignment of Maintenance and Storage Facilities to Taft U.S. Army Reserve Center, Orlando, Florida	June 6, 1996
96-144	Defense Base Realignment and Closure Budget Data for the Realignment of Grissom Air Reserve Base, Indiana	June 6, 1996
96-142	Defense Base Realignment and Closure Budget Data for the Closure of Bergstrom Air Reserve Base, Texas, and Realignment of the 10th Air Force Headquarters to Naval Air Station Fort Worth, Joint Reserve Base, Texas	June 5, 1996
96-139	Defense Base Realignment and Closure Budget Data for the Closure of Griffiss Air Force Base and the Realignment of Rome Laboratory and Northeast Air Defense Sector, Rome, New York	June 3, 1996
96-137	Defense Base Realignment and Closure Budget Data for the Realignment of March Air Force Base, Riverside, California	May 31, 1996

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-136	Defense Base Realignment and Closure Budget Data for the Closure of Gentile Air Force Station, Dayton, Ohio, and Realignment of Defense Logistics Agency Components to Wright-Patterson Air Force Base, Ohio	May 31, 1996
96-135	Defense Base Realignment and Closure Budget Data for the Fleet Anti-Submarine Warfare Training Center Pacific, San Diego, California	May 30, 1996
96-131	Defense Base Realignment and Closure Budget Data for Realigning Elements of Headquarters, Department of the Navy, to the Washington Navy Yard	May 28, 1996
96-127	Defense Base Realignment and Closure Budget Data for the Closure of Roslyn Air National Guard Base and Realignments to Stewart Air National Guard Base, New York	May 23, 1996
96-126	Defense Base Realignment and Closure Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio	May 21, 1996
96-122	Defense Base Realignment and Closure Budget Data for the Realignment of the Air Education and Training Command at Vandenberg Air Force Base, California	May 17, 1996
96-119	Defense Base Realignment and Closure Budget Data for the Construction of a Multiple Purpose Facility at Fort McCoy, Wisconsin	May 14, 1996

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-118	Defense Base Realignment and Closure Budget Data for the Medical and Dental Clinic Expansion Project at Naval Weapons Station Charleston, South Carolina	May 13, 1996
96-116	Defense Base Realignment and Closure Budget Data for the Relocation of Deployable Medical Systems to Hill Air Force Base, Ogden, Utah	May 10, 1996
96-112	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to Naval Air Station Jacksonville, Florida	May 7, 1996
96-110	Defense Base Realignment and Closure Budget Data for the Realignment of the 301st Rescue Squadron, Air Force Reserve, From Homestead Air Force Base, Florida	May 7, 1996
96-108	Defense Base Realignment and Closure Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania	May 6, 1996
96-104	Defense Base Realignment and Closure Budget Data for the Construction of the Overwater Antenna Test Range Facility at Newport, Rhode Island	April 26, 1996
96-101	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment of P-3 Aircraft Squadrons to Naval Air Station Whidbey Island, Washington	April 26, 1996

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-093	Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1995 and 1996	April 3, 1996
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and must send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "Military Construction Project Data," for each MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each BRAC MILCON project.

**Appendix C. Background of Defense Base Realignment and Closure and Scope of
the Audit of FY 1997 Defense Base Realignment and Closure Military
Construction Costs**

Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1997 BRAC MILCON \$820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.

Appendix D. Projects Identified as Invalid or Partially Valid

Table D-1. Causes of Invalid Projects

<u>Project Location</u>	<u>Project Number</u>	Causes of Invalid Projects	
		<u>Overstated</u>	<u>Unsupported</u>
Lackland AFB	Navy P-973U		X
Lackland AFB	Air Force MPYJ953260		X

Table D-2. Recommended Changes in Project Estimates

<u>Project Location</u>	<u>Project Number</u>	Amount of Estimate on DD Form 1391 (millions)	Recommended
			<u>Amount of Change</u>
Lackland AFB	P-973U	\$3.25	\$3.25
Lackland AFB	MPYJ953260	.225	.225
Total		\$5.50	\$5.50

* The recommended amount of change will be undeterminable until the revised DD Form 1391, "Military Construction Project Data," has been approved by the appropriate BRAC officials.

Appendix E. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller), Washington, DC

Department of the Army

U.S. Army Corps of Engineers, Fort Worth District, Fort Worth, TX

Department of the Navy

Chief of Naval Education and Training, Pensacola, FL
Naval Facilities Engineering Command, Alexandria, VA
Naval Training Center San Diego, CA

Department of the Air Force

Headquarters, Air Education and Training Command, Randolph Air Force Base, TX
37th Training Wing, Lackland Air Force Base, TX

Appendix F. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and
Installations)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army
Commander, U. S. Army Corps of Engineers Fort Worth District, Fort Worth, TX

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy
Chief, Naval Education and Training, Pensacola, FL
Commander, Naval Facilities Engineering Command, Alexandria, VA
Commander, Naval Training Center, San Diego, CA

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force
Commander, Headquarters Air Education and Training Command, Randolph Air Force
Base, TX
Commander, 37th Training Wing, Lackland Air Force Base, TX

Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Chairman and ranking minority member of each of the following congressional
committees and subcommittees

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

Honorable Phil Gramm, U.S. Senate
Honorable Kay Bailey Hutchison, U.S. Senate
Honorable Henry B. Gonzalez, U.S. House of Representatives

This page was left out of original document

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments



OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



COMPTROLLER
(Program/Budget)

June 24, 1996

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Draft Audit Report Defense Base Realignment and Closure Budget Data
for the Realignment of Navy and Air Force Food Services Training at Lackland
Air Force Base, Texas (Project No. 6CG-5001.01)

This responds to your May 31, 1996, memorandum requesting our comments on the subject report.

The audit states that the Navy and Air Force may have overstated the requirements and costs for projects P-973U, "Mess Specialist 'A' School" and MPYJ953260, "Alter Technical Training Academic Facilities" associated with the realignment of Food Services Training at Lackland AFB, Texas. This occurred because the Air Force did not properly develop and document project requirements or perform an economic analysis as required.

This audit recommends that the USD(Comptroller) place the funds for projects P-973U and MPYJ953260 on administrative withhold until the Navy and Air Force submit revised DD 1391 to accurately reflect requirements and costs.

We generally agree with the audit findings and recommendations; however, since the Services have not officially commented on the report, we will place the funding for the projects on administrative withhold pending audit resolution. Also, we will reprogram any savings resulting from the audit to other Base Realignment and Closure requirements as appropriate.

B.R. Paseur
Director for Construction

Department of the Navy Comments



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

JUL 1996

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR
GENERAL FOR AUDITING

SUBJECT: DODIG Draft of a Proposed Audit Report on Defense Base
Realignment and Closure Budget Data for the Realignment
of Navy and Air Force Food Services Training at Lackland
Air Force Base, Texas (Project No. 6CG-5001.01) - ACTION
MEMORANDUM

I am responding to the draft proposed audit report forwarded by
Attachment 1, concerning base realignment and closure budget data
for the realignment of Navy and Air Force Food Services Training at
Lackland Air Force Base. The Department of the Navy response is
provided at Attachment 2.

A handwritten signature in black ink, appearing to read "Duncan Holaday".
Duncan Holaday
Deputy Assistant Secretary
(Installations and Facilities)

Attachments:

1. DODIG memo of 31 May 96
2. DON Response to DODIG Draft Proposed Audit Report of 31 May 96

Copy to:
ASN(FMB)
ASN(FMO-31)
NAVNSGEN (02)
COMNAVFACENGCOM (00G2)

Department of the Navy Comments

DEPARTMENT OF NAVY RESPONSE

TO

DODIG DRAFT OF A PROPOSED AUDIT REPORT OF 31 MAY 1996 ON

DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR THE
REALIGNMENT OF NAVY AND AIR FORCE FOOD SERVICES TRAINING AT
LACKLAND AIR FORCE BASE, TEXAS
(Project No. 6CG-5001.01)

Recommendation 1: We recommend the Under Secretary of Defense (Comptroller), place funds on administrative withhold for Navy project P-973U, "Mess Specialist 'A' School", and Air Force project MPYJ953260, "Alter Technical Training Academic Facilities," until management submits a revised DD Form 1391, "Military Construction Project Data," to accurately reflect requirements and costs.

Project: P-973U
Description: Mess Specialist 'A' School
Location: Lackland Air Force Base, Texas

Department of the Navy Response: Do not concur. A revised DD Form 1391, based upon revised scope in agreement with DODIG auditors, is provided at enclosure (1), eliminating the need to withhold funding for P-973U.

Recommendation 2: We recommend the Chief of Naval Education and Training, Pensacola, Florida submit a revised DD Form 1391, "Military Construction Project Data," for project P-973U, "Mess Specialist 'A' School. Those requirements should be based on revised data furnished to us subsequent to our audit site work.

Department of the Navy Response: Concur. The revised DD Form 1391 for P-973U is provided.

Department of the Navy Comments

1. Component NAVY	FY 1996 MILITARY CONSTRUCTION PROGRAM				2. Date APR 1996
3. Installation and Location/UIC: N63582 NAVAL TECHNICAL TRAINING CENTER, LACKLAND AFB, TEXAS		4. Project Title MESS SPECIALIST 'A' SCHOOL			
5. Program Element	6. Category Code 171.20	7. Project Number P-973U		8. Project Cost (\$000) 3,200	
9. COST ESTIMATES					
Item	U/M	Quantity	Unit Cost	Cost (\$000)	
MESS SPECIALIST "A" SCHOOL	m2	1,968	-	2,250	
FOOD PREPEPARATION ADDITION TO BLDG 150	m2	1,140	1,583.00	(1,800)	
TECHNICAL TRAINING CLASSROOM FACILITY	m2	653	538.00	(350)	
TECHNICAL TRAINING SUPPORT FACILITY	m2	195	538.00	(100)	
SUPPORTING FACILITIES	-	-	-	530	
SPECIAL CONSTRUCTION FEATURES	LS	-	-	(190)	
UTILITIES	LS	-	-	(160)	
PAVING AND SITE IMPROVEMENT	LS	-	-	(280)	
SUBTOTAL	-	-	-	2,880	
CONTINGENCY (5.0%)	-	-	-	140	
TOTAL CONTRACT COST	-	-	-	3,020	
SUPERVISION, INSPECTION, & OVERHEAD (6.0%)	-	-	-	180	
TOTAL REQUEST	-	-	-	3,200	
EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS	-	-	(NON-ADD)	(270)	
10. Description of Proposed Construction					
Modifications and alterations to two buildings; built-up roof and an addition with supporting foundation; includes demolition, upgrades to the fire protection systems, prewired work stations, and utilities.					
11. Requirement:	1,968 m2	Adequate:	0 m2	Substandard:	(0) m2
PROJECT:	Renovations and alterations to two buildings and an addition to one building to provide training facilities.				
REQUIREMENT:	Adequate and properly-configured academic, laboratory, and office space for Mess Specialist (MS) 'A' School training. Because of actions authorized by Public Law 101-510, Defense Base Closure and Realignment Act of 1990, Naval Training Center, San Diego, California, will close and MS 'A' School training will be relocated to Lackland AFB.				
CURRENT SITUATION:	Upon the relocation of Officer Training School to Maxwell AFB, portions of a building have become available for other uses at Lackland AFB. Classrooms and technical training support areas can be renovated for use by MS 'A' School classroom and office functions. The dining facility currently serving the Lackland Training Annex is also undergoing partial renovation to house the Air Force food services training labs. Partial alterations and an addition to one building will provide the necessary MS 'A' School laboratory training.				
IMPACT IF NOT PROVIDED:	Without this project, MS 'A' School training facilities will not be available. Lackland AFB will not be able to support the closure of San Diego because of a lack of adequate training facilities.				

Department of the Air Force Comments



DEPARTMENT OF THE AIR FORCE WASHINGTON, DC

Office of the Assistant Secretary

28 Jun 96

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING OFFICE OF THE INSPECTOR GENERAL DEPARTMENT OF DEFENSE

FROM: SAF/MIIT
1660 Air Force Pentagon
Washington, D.C. 20330-1660

SUBJECT: Proposed Audit Report on Defense Base Realignment and Closure Budget Data for
the Realignment of Navy and Air Force Food Services Training at Lackland Air
Force Base, Texas (6CG-5001.01), May 31, 1996

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force
(Financial Management and Comptroller) provide Air Force comments on subject report.

The Air Force CONCURS with the recommendation to place project MPYJ953260, "Alter Technical Training Facilities", and P-973U, "Mess Specialist 'A' school" on administrative withhold until the Air Force conducts an economic analysis by means of an architect and engineering (A&E) firm and then submit revised DD Form 1391s. The economic analysis and revised DD Form 1391 will be provided by 9 August 1996.

Our point of contact is Mr. Lester R. Schauer, DSN 227-6559.

Raymond A. Neall Jr.
RAYMOND A. NEALL, Lt. Col., USAF
Chief, Base Transition Division

cc:
SAF/MII
SAF/FMBIC
USAF/CEC
AETC/DS/CE

Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

Paul J. Granetto
Wayne K. Million
Michael Perkins
Robert A. McGriff
Hugh J. Elliott
Cecil B. Tucker

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Defense Base Realignment and Closure Budget Data for the Realignment of Navy and Air Force Food Services Training at Lackland Air Force Base, Texas

B. DATE Report Downloaded From the Internet: 11/23/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): OAIG-AUD (ATTN: AFTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: VM Preparation Date 11/23/99

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.